

GST and JOHNNY- UPDATE No.61

JOHNNY
JOHNNY!!



Yes, Papa!



Can I raise debit or credit
note as a recipient in GST?



No, Papa



Why?



This Papa-

As per section 34 of the CGST Act, the issue of debit or credit note can only be done by the supplier. Both the notes can be issued with GST for increasing or decreasing the liability of GST of the supplier.

If in any case the recipient does not accept the value that is shown in the invoice of the supplier. The supplier do not issue credit note, the recipient has only option to issue debit note without GST otherwise his purchases will be inflated.

Moreover, even if the recipient wants to issue debit note/credit note against supply made by the supplier, then he has no option to reflect the same in GST returns.

The details of credit notes and debit notes issued during the month should be furnished by suppliers in his GSTR-1. The recipient of the supply will receive these details in his GSTR-2A.

This is a big headache for the end of recipient as many times, the suppliers don't even know how to prepare these notes or they are not willing to issue such notes. Even after receiving short quantity of goods, deficient services received, short payment made due to undisclosed reason etc, the recipient cannot proceed with issuance of such notes in his accounts as well as returns.

Such restriction on issuance of credit and debit notes by the recipient is illogical, absurd and non-arbitrary. The government should modify the provisions and it should be at the discretion and based on mutual understanding of both the parties to raise notes.

Moreover, the facility of raising consolidated debit and credit note should be available on portal as it will benefit those sectors that have large number of invoices by reducing the documentation and alignment of the GST law with commercial realities.

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